

PRESS DEPARTMENT OF STATE

PRESS BRIEFING

BY

THE HONORABLE GEORGE P. SHULTZ

SECRETARY OF STATE

ON THE PRESIDENT'S TRIP TO THE FAR EAST

OLD EXECUTIVE OFFICE BUILDING

APRIL 18, 1984

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April 23, 1984

No. 117

SECRETARY SHULTZ: This trip of President Reagan's to the People's Republic of China will be the first by an incumbent President since 1979, the first since normalization. Therefore, it is an important moment in this relationship. And I think, looking back, we can say that President Nixon created an opening to China. President Carter brought about the normalization of our relationships with China. Building on this bipartisan base, President Reagan has sought to make the relationship stable and comprehensive -- of course, attending to the strategic matters of common interest to China and the United States, building on the common concern we have with security and peace around the world, but also observing the potential for a major economic relationship between our two countries, and the large and growing number of personal ties that have developed of personal exchanges and cultural exchanges involved. So we see this relationship evolving into something that will be stable and enduring and comprehensive in nature.

During the President's visit, he'll have extensive meetings with Chinese leaders and we expect to cover topics sort of across the board. He'll have two major addresses, a televised interview and a great deal of exposure to the leadership and people of China.

This trip and the Premier's trip here are high points in a process. A great deal has come before the President's trip and a great deal will follow on after it.

But the visit itself will give real impetus to the relationship and, from the standpoint of those of us who have been working on it very closely and hard, I think will help move the relationship forward in a most constructive way.

Questions.

Q What is the opportunity, sir, for a nuclear agreement to be reached?

SECRETARY SHULTZ: Well, that's a subject that has been under heavy discussion for some time. Ambassador Kennedy is in Beijing right now involved in those discussions. I can't say when or whether agreement will be reached, but it's certainly possible. And we'll continue to work on it. We have our statutes and regulations that we must observe and they have their concerns and we work to try to resolve these in a satisfactory way.

For further information contact:

Q What's the subject of the 7- to 10-hour talks since so much of the groundwork has now been laid in these various areas? What's the focus?

SECRETARY SHULTZ: Well, there will be -- the coverage will be very broad. We'll undoubtedly discuss the bilateral matters between China and the United States, covering economic, cultural, military, perhaps the nuclear business, many other matters of genuine importance to us. We'll discuss our view of situations throughout the world and review that. So, together those matters give you a very full agenda.

I might say that I'm certain that we will not have enough time, even though there is a great amount of time because there is so much to cover. And, of course, you have to recognize that the actual talking time is about half because of the translation problems involved. So it cuts it down a bit.

Q In discussing our view of situations around the world, would you expect that the President will be asked to comment on the CIA bombing of Corinto Harbor and the other covert activities that have caused him so much difficulties here --

SECRETARY SHULTZ: I would imagine that the importance of developments in Central America will be covered and I think here we see, once again, a demonstration of Soviet aggressive behavior in sending arms into the area and creating instability there.

So, certainly, we expect and want to describe to the Chinese our view of the situation and hear about theirs so that all of these matters will undoubtedly come up.

Q Are you confirming that we bombed this port?

SECRETARY SHULTZ: I have just answered that question.

Q But is it only Soviet aggressive behavior? I mean, one could certainly question the CIA's behavior.

SECRETARY SHULTZ: I think that the subject needs a very good and thorough discussion and I'm sure the People's Republic of China leaders have read the bipartisan report, particularly since they know Henry Kissinger very well and admire him. But that report brings out the political dimensions of the problems of Central America, the economic dimensions, the things that we are trying to do to change the social structure there. All of these things, I'm sure, will get attention.

Q Mr. Secretary, in view of the fact that the Chinese did ask Ambassador Kennedy to come back when they did, do you think that it's possible that nuclear agreement can be reached while the President is actually in China?

SECRETARY SHULTZ: Well, it's possible. I think as you look at major visits of this kind, they tend to become a sort of focal point and concentrate people's attention on getting things accomplished if they can. On the other hand, I'm sure that we and the Chinese take the view that we don't want to agree to something for the sake of the visit. So, the negotiation is going on strongly, and I hope that agreement can be reached; but, it remains to be seen.

Q Do you expect any movement on the Taiwan issue, or will both sides stick to their previously stated positions?

SECRETARY SHULTZ: Well, as far as we're concerned, the subject is treated in the Shanghai communique and the normalization communique and in the special Taiwan communique negotiated in August of 1982. And we will abide by those agreements.

Q Mr. Secretary, is it true that there's a great policy debate going on within the administration as to how to interpret the latest thrust of the directive on terrorism? You're a hard-liner, that Weinberger is a soft-liner, that you want stiff reprisal and preemptive action, and he doesn't?

SECRETARY SHULTZ: I would expect that in our discussions with the Chinese, the various problems of concern around the world, including terrorism, will come up and we'll want to talk about it. As far as our government is concerned, we have discussed it thoroughly, and I think there is a general view of the importance of this problem and the importance of getting ourselves in the position to meet the threat adequately. There's no difference of opinion about that at all.

Q Now, you have said, sir, on the record -- publicly -- in the last two or three months, talking about Lebanon in the Mideast when our troops were still there, that the United States might conduct a preemptive strike against a terrorist base if we had hard information that our forces were in danger. That still is your view, is it not?

SECRETARY SHULTZ: My view is that we must take -- that the problem is very important --

Q Who would that view --

SECRETARY SHULTZ: -- that it's likely to get worse before it gets better. Look what's going on in London right now. That it's essential for us to take all of the defensive measures that we can that are appropriate for our society and the mission of the places that we are worrying about, such as our embassies. But, I don't think that purely defensive posture is adequate. And we must think through, as a society, other aspects of this problem. And we're in the process of doing that.

Any more questions about China?

Q Is Congress going to be consulted on whatever we decide to do?

SECRETARY SHULTZ: Any more questions about -- of course. Any more questions about China, or are we through with that topic?

Q Do we have any indication that the Chinese are sympathetic towards our views on Central America?

SECRETARY SHULTZ: On --

Q Central America -- our position on Central America.

SECRETARY SHULTZ: Well, I won't try to speak at all for the Chinese. They will speak for themselves and they're very interested in the subject. I know in my own discussions with the Foreign Minister we've literally talked about issues throughout the world, Africa, Central America, the Middle East and so forth as well as Asia, Afghanistan, Kampuchea and so on. So I know that there's a great interest in the subject and we expect that we'll have a good, strong exchange.

Q Since the Chinese are short of American funds, to what extent will our loans be to China to help them?

SECRETARY SHULTZ: Well, there are Export-Import Bank possibilities and some other ways in which we might make funds available. But it's really pretty limited at this point.

Actually, the Chinese have done quite an outstanding job of managing their external debt. They don't have a major external debt and their foreign exchange position is a strong one. It contrasts very sharply with many other countries. So I think you would have to say that they have managed this particular aspect of their economic affairs very well.

Q Mr. Secretary, what progress would you expect from this visit on the entire scope of the two Koreas question?

SECRETARY SHULTZ: It's hard to say what progress we might expect. I'm certain that the subject will get, as with these others, a very thorough discussion. We're -- both countries are very concerned about the Korean peninsula. We've discussed before. I think both -- it's fair to say both countries would like to see a reduction in tensions. And there are a variety of ideas about how to do that around, and we'll examine them.

Whether or not out of it will come something that can advance matters remains to be seen. But we'll certainly be trying.

I will myself be breaking off from the President's party very briefly and going to Korea and Japan from Shanghai to brief leaders in those two countries and then rejoining the President again in Alaska. But that is by way of suggesting the importance we attach to our Korean relationship.

Q To follow up on that, will you press or in any way attempt or the President attempt to urge the Chinese to take part in four-way talks involving ourselves, North Korea and South Korea? I think their position is that they don't wish to be involved.

SECRETARY SHULTZ: That's correct. And the questions that go under the heading of shape of the table will continue to get attention. Our view is, as we have stated and this is the same as the South Korean view, that the essential matter is to have discussions between North Korea and South Korea directly. And others, if they can be helpful, will be helpful in making that come about or helping to bring it about. But that's the basic relationship that needs to be concentrated on.

Q Mr. Secretary, the people in Taiwan have expressed their concern that their interest, their well-being might be jeopardized by the trip. Could you respond to that concern or address this issue?

SECRETARY SHULTZ: I think that the peace and security and stability in Asia will be advanced by the President's trip and the relationship between the People's Republic of China and the United States, not only in Asia, of course, but around the world. This is an important relationship and everybody benefits by that kind of stability. The President has stated many times he has no intention of turning his back on friends, old friends in Taiwan. And our relationship with the people of Taiwan and our commercial relationships are there. And there is no need to be concerned about them.

Q Mr. Secretary, could you discuss the symbolism of the trip and its importance?

Q Oh, that's a good one.

SECRETARY SHULTZ: The symbolism of the trip?

Q I mean this is the first President in nine years to go to the --

SECRETARY SHULTZ: Pardon me?

Q -- the first President in nine years going to China.

SECRETARY SHULTZ: Not in nine years. No. I think in --

Q The last one was in '75.

SECRETARY SHULTZ: It's -- I guess you're right. Yes.
My mind was on 1979, which was the normalization date.

Of course, other Presidents have gone but not in office,
and that's a little different.

Well, I think that the --

Q Ford.

Q Ford was --

Q President Ford --

Q Ford went in '75.

Q Gerald Ford.

Q - '75.

SECRETARY SHULTZ: In '75.

Q That was the last one.

SECRETARY SHULTZ: Yes.

Q -- nine years.

SECRETARY SHULTZ: Right.

Q Nine years --

Q Okay. We're all set --

SECRETARY SHULTZ: Okay.

Q -- that aside. What is --

(Laughter.) SECRETARY SHULTZ: We've got that straightened out.

Q -- the symbolism?

Q Get to the symbolism.

Q Yes.

Q I'd like to have an --

SECRETARY SHULTZ: Well, I'm thinking, you see. I have to -- If I were Arthur Burns, I'd light up my pipe -- pipe. (Laughter.)

Q Light up your pipe?

Q If you light up your pipe, we'd be in trouble.

(Laughter.)

SECRETARY SHULTZ: That comes in Alaska.

Well, I think there are quite a variety of things that the trip, in a sense, stands for over and above the direct substantive content of the trip and the relationship of that content to the various things being worked out between the countries before and after the trip. Certainly, it shows the basic sense of friendship between the United States, the people of the United States and the people of China. That has been the case for a long time, it's very deep and it remains and the trip symbolizes that fact.

I think, more broadly, this is the President's second trip to the Asia-Pacific area within a six-month period and he has sent me on one other occasion and, again, in -- later this year. So all of that shows the importance to the United States of the Asia-Pacific region. And we recognize that fact. Not to the detriment of any other region; but this is an area of the world with dynamic and growing economies, great strategic significance with personal ties with us and cultural ties with us that are of great importance to us. So China, as the most populous country in the region, is a kind of centerpiece. So all of these things, I think, are important dimensions of the symbolism of the trip.

Q Mr. Secretary, six months ago, when the President went on his last trip to Asia, he cancelled several parts of that trip, the Philippines and some other countries, on the ground that there was very pressing business on the Hill.

Now, he's going to China when Congress is about to vote on his entire Central American policy, the money for El Salvador, the money for the Contras. On the basis of the criterion set by the administration six months ago, shouldn't he stay in town?

SECRETARY SHULTZ: The earlier trip had to be -- the first part of it had to be cut off because we were coming to the end of a Congressional session, which is always a very hectic time, as you know. And the earlier information was that the adjournment would come at an earlier date. And, in fact, as we struggled with problems here, it was certainly fortunate that that decision was made and made in a timely way.

In this case, the President will be leaving before the Congress comes back and we will be back shortly after the Congress reconvenes and there will be plenty of time for action on these vital matters.

I might say that the -- there is the question, of course, of the emergency funds that are in conference and we'd like to see that conference take place. Then, there is the large supplemental, '84 supplemental to be voted on. And then, of course, there is the broader question of the basic thrust of our country's policy toward Central America that is posed by the legislation implementing the Bipartisan Commission Report. So all of these things are in train and we will be back in plenty of time to work on them all.

Q Mr. Secretary, the Chinese are known to want to buy some weapons from the United States. Do you envision a major program of weapons sales to China and what are we willing to sell them, what are we not willing to sell them?

SECRETARY SHULTZ: Well, these discussions have been going on, highlighted by Secretary Weinberger's visit and then some visits here by Chinese military leaders, which -- and there'll be a follow-on visit. And I think both sides are sort of exploring that issue and we expect there to be military sales on a case-by-case basis oriented to defensive needs of the People's Republic of China. And this will unfold over a period of time. But it'll have to be judged as it goes along.

Q But are there some kinds of systems that we're not willing to sell?

SECRETARY SHULTZ: The question of what it is appropriate to sell and what not is being sorted out by the Defense Ministries involved and I think the process is actually going along pretty well.

Q Mr. Secretary, you mentioned what's happening in London a while ago. The Libyans say they're going to storm the British Embassy there if any action is taken in an overt sense against their Embassy in London. How are the British going to solve this problem?

SECRETARY SHULTZ: Well, the British are experienced and ingenious and they'll solve it in an impressive way, I'm sure. And I'm not going to try to describe in any detail what I think they ought to do, but they have a difficult problem on their hands, and I'm sure they'll handle it well.

Q Mr. Secretary, how far will the United States go in a technology agreement? And, I want to know, will the United States allow China to reproduce some of our computers that we, today, will not sell to some foreign countries?

SECRETARY SHULTZ: Well, the technology transfer issue has been a very important one. When I visited China in -- when was that -- February, '83, it was apparent to me from the discussions how significant this issue is to the Chinese. Of course we knew it before we left -- before we went. But, it came out very, very strongly. A great deal of work has been done on the subject, and we have liberalized our technology transfer rules for China quite significantly. And the levels of case approvals, and so-forth, has been going up sharply. So, I think on the whole, that is working out well, not that there aren't problems. There are, of course, connections of our policy with the policy of our allies in Europe, in Japan, in COCUM -- and that we have to work through. But, in general, I think the technology transfer program is going along quite well, and some things are there to sell, and undoubtedly the Chinese are very interested in not only making purchases, but buying prototypes and seeing what they can do for themselves. And they're very ingenious people, and no doubt will progress.

Q Mr. Secretary --

Q -- but in some of the computers and some of the -- we will not sell today to Russia -- when -- will we sell that to China?

SECRETARY SHULTZ: Certainly there are things that we are ready to sell to the Chinese that we will not sell to the Soviet Union -- absolutely.

Q Mr. Secretary, on that issue directly, are things settled enough that you don't think that this -- the technology transfer issue will come up on this trip?

SECRETARY SHULTZ: I'm sure it will come up. It's a very important matter and we keep sorting it out. It's not a problem that you can put up there and solve, and that's it. It's a problem that you have to keep working at, in order to keep the understanding there. And, of course, technology itself is changing all the time. So you have to keep examining what's going on in a scientific sense, and putting your criteria alongside technological developments in order to administer the program well. So, it's certainly -- it's going to get discussion.

Q Have the Chinese expressed disappointment in the American liberalization -- the administration's liberalization last year?

SECRETARY SHULTZ: No. I think they're very pleased to see it. They're -- everybody always has the same attitude toward anything. It reminds me of Samuel Gompers, who most of you probably never heard of, but, he was asked what -- (Laughter.)

Q Ohhhhh.

Q He made up his quote often -- (Laughter.)

SECRETARY SHULTZ: He was asked, what was -- what did labor really want? He says, "It's very simple. More."

Q More.

SECRETARY SHULTZ: And I think, by and large, that's what we want, and that's what they want.

But, I think that the program's going well, and a lot of headway has been made. There are still plenty of problems, and I'm sure it'll get discussed.

Q Mr. Secretary --

Q Mr. Secretary, you talked about the need for cooperation to try and stop terrorism. Now, as you say, we have a difficult situation in London. Can you envision any kind of cooperation to try to stop Qaddafi?

SECRETARY SHULTZ: Oh, I can certainly envisage it. And, I think, it is important to recognize that the problem of terrorism is an international problem. It takes place somewhere. But it has broader dimensions to it. So, we need to do things in our own country that are appropriate for ourselves here, but we also will benefit a great deal from discussions with our friends around the world in the many dimensions of dealing with the problem.

Q How serious a threat do you regard Qaddafi, and what can be done specifically with him in this --

SECRETARY SHULTZ: Well, it's obviously a serious problem, and we have said so for quite a long time. And I think, perhaps, some of the illusions that others have held -- they are, perhaps, beginning to lose.

Q May I ask about what you plan to discuss in private about the Soviet Union and whether the President will want to address his views about the Soviet Union in his speeches to the Chinese or might it be more appropriate for him to not talk about that as much as he frequently does in speeches in -- on his trips?

SECRETARY SHULTZ: The President's speeches will be available upon delivery, and one of my fundamental rules is don't scoop the President.

Q -- I'm asking --

SECRETARY SHULTZ: So, I don't want to comment on it.
He will --

Q I'm asking --

SECRETARY SHULTZ: -- two major speeches.

Q May I, then, clarify my question which is: Will you be aiming to establish perhaps a different tone in addressing publicly the issue of Soviet-U.S. relations because of the particular setting that you're going to be in?

SECRETARY SHULTZ: No. I think the tone and stance of the United States in our relation with the Soviet Union is quite clear and was stated very authoritatively by the President in January. That's kind of a reference point. And, of course, in our discussions with the Chinese, we'll want to talk about the Soviet Union, as -- along with a lot of other problems around the world.

And they are acute observers of all these things, and we expect to learn from them. And it may be that we can provide some insight, too.

MR. SPEAKES: Let's take Charlotte. And then Bruce had a question. And Bruce will have the honor of asking the last question and also the first question from the front row concerning China.

Q How do you know? (Laughter.)

Q It's not the first.

Q That's not true.

Q You refurbish the relationship always.

Q Mr. Secretary, would you explain how the U.S. national interest is served by selling arms to a communist country that has the atomic bomb?

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SECRETARY SHULTZ: Well, I think the Chinese have security problems like other countries do. They have a long border with the Soviet Union, with lots of military force there. They have a Soviet satellite state, Vietnam, on their -- another border as an aggressive country occupying Kampuchea, threatening Thailand. They are concerned about Soviet behavior in Afghanistan, which is, again, a bordering state. So, there are plenty of security concerns.

And on issues of that kind, we share their concern. And, so, I think that it makes sense.

Q In your answer on Taiwan before, you seemed to indicate that we are simply going to restate our position on Taiwan based on past agreements. Is it your expectation that -- or are you trying to -- that the Chinese are going to be satisfied to do the same or that you have some sense from the talks so far that they're likely to press beyond that?

SECRETARY SHULTZ: From our standpoint, this subject has been addressed and it has been the subject of carefully worked out understandings that reflect themselves in the communiques. And we intend to live by the statements in those communiques. And that's our position, and we don't -- we're not going there to negotiate a new communique or in any way to try to shift the ground from the existing agreements. Those agreements will be honored by the United States. And the President has said that before and when the subject comes up, I'm sure we'll say it again.

Thank you.

THE PRESS: Thank you.

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11:34 A.M. EST